ABSTRACT

An automated portfolio manager system enables an investor or portfolio manager to quickly adjust the underlying risk of the entire portfolio without modifying the underlying investments in the portfolio. A user interface enables the user to adjust the risk (e.g., beta) of a portfolio of investments without adding or deleting investments from the portfolio by purchasing more or less of the entire portfolio on margin, thereby increasing or decreasing the riskiness of the portfolio. A predetermined portfolio of investments is provided to all investors. Each investor's desired risk/reward characteristic for his or her portfolio is accommodated by determining an appropriate amount of the predetermined portfolio to purchase on margin or an appropriate amount of the user's funds to place in cash reserves (or other less risky investment) to modify an actual risk/reward characteristic of the portfolio so that it matches the investor's desired risk/reward characteristic without changing the underlying investments. Moreover, this modification can be accomplished by interacting with the user in a simple manner, e.g., via a graphical user interface, that helps the user select a particular risk/reward characteristic, which is then used to calculate the above required values. Furthermore, the complexities of purchasing on margin and determining the appropriate cash reserves are hidden from the user, thereby enabling the user to focus on the portfolio characteristics rather than the trading exigencies.